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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

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MEXICO IN A POSITION TO PAY WATER DEBT TO THE UNITED STATES

According to Susan Combs, Texas Commissioner for Agriculture, a recent report indicated that the Government of Mexico should be able to pay its water debt to the United States due to increased water levels in Mexican reservoirs. The levels increased considerably because of continuous and copious rains during the past few weeks in Mexico's northern territory. The report indicated that more than a million-acre feet flowed into the reservoirs during the first three weeks of October after the end of the irrigation season for 2003. The subject of water will be one of the topics discussed by President Fox during his visit to Texas next week. (Source: *El Financiero*, 10/27/03)

MEXICO'S EMPLOYMENT RATE GROWING

According to Secretary of the Treasury Francisco Gil Diaz, the employment rate has begun to grow in comparison with last year, and is reflected by the number of persons who have enrolled in the country's Social Security program. The Secretary indicated that the Mexican economy has gained ground and productivity, at least the industrial, manufacturing and non-oil export sectors have reflected a considerable increase. (Source: *El Universal*, 10/27/03)

MEXICO'S COMPETITIVE ADVANTAGE IN THE NAFTA HAS ERODED

Jaime Serra Puche, Chief NAFTA Negotiator for Mexico, said although the Agreement has been successful as a financial and commercial tool for a decade, today the comparative advantages Mexico had are being eroded due to, among other things, the commercial influence from China in Mexico. Serra warned that China has become a serious threat to Mexico and that Mexico must take urgent action with its labor, fiscal and energy reforms. Serra recommended the use of the competitive advantage that Mexico still has in key sectors such as auto parts, new and used buses, motor and steel products. (Source: *Milenio*, 10/28/03)

SMALL COMPANIES FACE PROBLEMS REGISTERING WITH FDA

According to the press, Mexican small agricultural exporters are facing several problems registering with the FDA before the December 12 deadline. The lack of knowledge of the English language, deficient administrative tools and the internet are a few of the problems smaller companies face. According to the report, of the 40 companies exporting avocados, mangos and strawberries in Michoacan, only 20 percent have registered. Large professional companies do not have as many obstacles to overcome when registering with the FDA, but small companies that do not even understand English need help. The exporting season for

strawberries will begin in January and most of the strawberry producers have already registered. The banana producers have not registered yet as they are evaluating the possibility of registering as an Association. (Source: *Reforma*, 10/31/03)

REMITTANCES FROM THE UNITED STATES KEY TO MEXICO'S DEVELOPMENT

According to a local newspaper, the remittance of money from abroad is a source of social, economical and political stability for Mexico. It is the third source of funds for the country and the most practical solution to confront national poverty. According to the Coordinator of Public Policy from the President's office, twenty million Mexicans participate in the sending and receiving of US\$14.5 billion dollars in remittances from the United States to Mexico. This amount makes Mexico the principal recipient of remittances in the world. The volume surpasses twice the value of agricultural exports, and the direct foreign investment flows estimated for this year represents two thirds of oil income. (Source: *El Financiero*, 10/29/03)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

Number	Title	Date
MX3145	Weekly Highlights & Hot Bites Issue #49	10/28/03
MX3146	Update on Refined Sugar Prices and Imports Under the TRQ	10/29/03
MX3147	Annual Citrus Report	10/29/03
MX3148	Annual Honey Report	10/30/03
MX3149	CLQ to be Included in 2 Percent Sampling Program	10/31/03

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